

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

BAC4624 – ADVANCED ACCOUNTING INFORMATION SYSTEMS

(All Sections / Groups)

6th March 2019
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages excluding cover page with 4 Questions only.
2. Answer all **FOUR** questions. Mark distribution for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

M&E Company is an industrial machinery and equipment manufacturer with several production departments. M&E has a large repair and maintenance department (R&M department) for servicing this equipment. The operating efficiency of the R&M department has deteriorated over the past two years. In the opinion of the assistant controller, the two major causes for the deterioration are an antiquated scheduling system for repair and maintenance work, and the actual cost to distribute the R&M department's costs to the production departments. The actual costs of the R&M department are allocated monthly to the production departments on the basis of the number of service calls made during each month.

The assistant controller has proposed that a formal work order system be implemented for the R&M department. With the new system, the production departments will submit a service request to the R&M department for the repairs and/or maintenance to be completed, including a suggested time for having the work done. The supervisor of the R&M department will prepare a cost estimate on the service request for the work required (labor and materials) and estimate the amount of time for completing the work on the service request. The R&M supervisor will return the request, in two copies, to the production department that initiated the request. One copy of the return request is filed in the R&M department. Once the production department approves the work by returning a copy of the service request, the R&M supervisor will prepare a repair and maintenance work order (in four copies) and schedule the job. Copy four goes to purchasing department, copy three is filed, and copies one and two are used to record the actual repair and maintenance hours worked and the materials and supplies used. The original completed work order with the hours worked and materials and supplies used is filed within the department, while the second copy is sent to the accounting department for detailing costing.

Production departments will be charged for actual labor hours worked at a predetermined standard rate for the type of work required. The parts and supplies used will be charged to the production departments at cost. The clerk in the accounting department details out the cost onto a work order summary report. A copy of this report is sent to purchasing department, another copy is sent to R&M supervisor for filing, and a third copy is filed under costing house.

Required:

- a) Develop a context diagram to document the work order system in M&E Company. (3 marks)
- b) Prepare a Level-0 data flow diagram to document the work order system in M&E Company. (10 marks)
- c) Prepare a document flowchart for the above process. (12 marks)

(Total: 25 marks)

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QUESTION 2

- a) Briefly describe the steps in the *event/risk/response model*. (12 marks)
- b) In an e-commerce environment, one of the major concerns is the security and privacy of transmitted data. Digital signature is commonly used to overcome some of the security concerns. Define the term *digital signature* and explain the process involved in applying the digital signature. (8 marks)
- c) Describe the role of an accounting information systems (AIS) in an organisation's value chain. Provide an example to accompany your description. (5 marks)

(Total: 25 marks)

QUESTION 3

- a) System Development Life Cycle (SDLC) consists of five different stages. Explain **THREE (3)** reasons why companies would be 'forced' to upgrade their systems, which initiated the SDLC. (9 marks)
- b) After a major system upgrade, some employees will find these upgrades as too difficult to adapt and overwhelming. Sometimes, they may behave aggressively by destroying or weakening the system's effectiveness. In other instances, they would continuously blame the system if they appear incapable to carry out their daily duties when dealing with the new system. Recommend **THREE (3)** ways for management to prevent these resistances. (12 marks)
- c) Many people are involved throughout the five SDLC development stage. These include both internal as well as external stakeholders. Justify **TWO (2)** reasons why the accountants' involvement are crucial too. (4 marks)

(Total: 25 marks)

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QUESTION 4

- a) There are various ways for companies to obtain new information systems. Two common choices are purchase ready-made software or develop the system in-house. In your opinion, choose which one is the best approach and justify your reasons.
(10 marks)
- b) The post implementation review is usually carried out a few months after the successful implementation of new accounting information systems. Explain **TWO (2)** reasons why this review has to be performed after a few months of the system implementation.
(5 marks)
- c) During the conversion stage of the Systems Development Life Cycle (SDLC), the old system will be changed to the new system. Various methods are available to ensure smooth process of this transition. Recommend which of the following methods are more effective – the direct conversion or parallel conversion.
(10 marks)

(Total: 25 marks)

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